



Doing Business In JAMAICA: A Country Commercial Guide for U.S. Companies

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Chapter 7: Trade and Project Financing

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How Do I Get Paid (Methods of Payment)

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The most common method of payment is via a letter of credit. Depending on the circumstance, cash in advance may be requested but many Jamaican companies would be cautious about using that method. After a good business relationship has been formed, companies in good standing may move towards trading on open account. There are currently no local credit rating agencies in Jamaica, but there have been moves towards establishing a regional credit agency. On occasion, U.S. firms complain about not getting paid by local companies and trade complaints are registered.

How Does the Banking System Operate

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Financial Institutions in Jamaica provide a full range of services and solutions for individual and business/corporate banking. These include current accounts, savings accounts, loans, credit cards and Internet banking (not all institutions). Most credit cards issued by a local bank are for use in Jamaica only, but international credit cards have grown in importance.. At the end of 2006 there were 133 financial institutions of which six were commercial banks, four were building societies, 17 were insurance companies, 50 were Securities Dealers, 47 were Credit Unions, four were Development Banks and the rest were institutions registered under the Financial Institutions Act. These institutions provide services ranging from retail and corporate services to development and export financing. The Bank of Jamaica and the Financial Services Commission regulate the financial system. The Jamaica Deposit Insurance Corporation provides insurance for deposit taking institutions. Following the meltdown of the financial sector in the 1990s the GOJ increased the prudential and supervisory powers of the BOJ by passing the Financial Institutions Act and the Banking Act. Amendments were also made to the regulations governing Building Societies. A Deposit Insurance Corporation (JDIC) and a Financial Services Commission (FSC) were introduced to protect depositors and regulate institutions and brokers outside the scope of the Central Bank's oversight. These adjustments have brought the regulatory standards governing the financial sector up to international standards and should therefore aid rather than impede businesses.

Foreign-Exchange Controls

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Since liberalization of the financial and capital accounts in the 1990s, all foreign exchange controls have been removed, but the BOJ still regulates activities in the foreign exchange market. Foreign currency can be accessed through a network of authorized foreign exchange dealers, cambios and bureaux de change at market-determined rates.

U.S. Banks and Local Correspondent Banks

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Citigroup currently operates in Jamaica, but it does not offer retail-banking services. The Jamaica National Building Society (which specializes in home mortgages) is the only Jamaican financial institution with branches in the U.S. All Jamaican commercial banks have correspondent U.S. banking arrangements.

Project Financing

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Major projects are financed by one or a combination of the following methods: own funds; bank loans; retained earnings; equities; development bank financing; international private capital; bonds and bilateral and multilateral loans and grants.

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Export-Import Bank of the United States: <http://www.exim.gov>

Country Limitation Schedule: http://www.exim.gov/tools/country/country_limits.html

OPIC: <http://www.opic.gov>

Trade and Development Agency: <http://www.tda.gov/>

SBA's Office of International Trade: <http://www.sba.gov/oit/>

USDA Commodity Credit Corporation: <http://www.fsa.usda.gov/cc/default.htm>

U.S. Agency for International Development: <http://www.usaid.gov>

Inter-American Development Bank www.iadb.org

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